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AGRICULTURE AND NATIONAL DEFENSE

SUMMARY OF FOREIGN DEVELOPMENTS: UNITED KINGDOM: Trade estimates of increased demand in Great Britain for tobacco, especially in the form of cigarettes, range from 25 to 50 percent above the corresponding period in 1939. While manufacturers' withdrawals of leaf from bond are restricted to 90 percent of those for the corresponding month of the base period (April 1, 1939 to March 31, 1940) civilian consumption is somewhat below that figure because of the priority being given to the armed forces and the destruction of manufactured stocks.

The gap created by the increased demand and decreased production has resulted in a general shortage of manufactured tobacco products, particularly cigarettes. The situation varies considerably as between areas but generally speaking the shortage is worse in rural districts, particularly in evacuation zones. New industrial areas also report shortages with shops selling out their monthly quota in two weeks or less. In metropolitan areas retailers commonly ration consumers to 10 cigarettes per single purchase.

ARGENTINA: Indications are that there is under consideration an additional credit to Spain for the purpose of buying the exportable surplus of the 1941 cotton crop.

THAILAND: The Government has placed rice exports under control and subject to license. Owing to the small size of the crop this year the move was expected for some time. There are reports that it will be necessary throughout the remainder of the year to conserve rice for consumption at home and assure even marketings of rice. The exportable surplus for the rice year beginning December 1, 1940, is now estimated officially at approximately 900,000 tons of which over 500,000 tons have already been exported. It is rumored that during the current rice year Japan has contracted for 600,000 tons of which about one-half has already been taken at high prices. It is believed by observers that shipments of abnormally high priced rice and other commodities from Thailand to Japan are in payment by barter for airplanes, military equipment and other recent Thai Government purchases in Japan.

THE DEPARTMENT OF AGRICULTURE THIS WEEK CALLED TO THE ATTENTION OF FLAX GROWERS the opportunities which are available under the Agricultural Conservation Program of the AAA to expand the acreage and production of flaxseed. The announcement was the outgrowth of conferences last week with representatives of the drying oils industry who said they anticipate increased use of drying oil in 1941 and the possibility that normal imports may not be obtained.

Under the provisions of the 1941 Agricultural Conservation Program, flax may be planted in excess of the total soil-depleting acreage allotment for a farm when the flax is seeded as a nurse crop for perennial legumes or perennial grasses or when it is matched acre for acre by perennial legumes or perennial grasses seeded alone. Also, in some States red clover may be used to neutralize the flax acreage. In addition, farmers desiring to increase their flax acreage may shift acreage from other soil-depleting crops, such as wheat, barley, and oats, to flax within the limits of the total soil-depleting acreage allotment for their farms.

TO MEET INCREASED EXPORT NEEDS FOR DAIRY PRODUCTS, particularly cheese, evaporated milk, and dried skim milk, plus increasing consumer demand for dairy products in this country, Secretary Claude R. Wickard this week recommended to the dairy industry that milk production in the United States be increased by 6 to 8 percent.

Most of the increase, he said, should be made in production areas which have access to milk-evaporating and cheese-making plants. The Secretary pointed out that of the milk available for the manufacture of dairy products a somewhat larger proportion than normal should be used for cheese and evaporated milk. This, he said, can be done through supporting prices of those products at levels somewhat higher than usual in relation to the price of butter.

"A moderate increase in milk production primarily for manufacturing purposes is needed as insurance that United States farmers can meet fully all possible requirements both in this country and in other democracies. Under average conditions, production now in prospect might be enough to take care of domestic needs and the minimum export demand now in prospect. However, in view of the chance that pastures may be below normal, that there may be heavy utilization of feeds by other livestock, and that export needs under the Lend-Lease Act may increase, it is desirable to increase total milk production by 6 to 8 percent, instead of the 2 or 3 percent increase already in view. As in the case of the other livestock products and vegetables with which American farmers can aid the people of the democracies, we propose to use the national farm programs to stimulate production", Secretary Wickard said.

For the 1940-41 year which ends the last of April, total milk production is estimated at 111 billion pounds, of which about 52 billion pounds represents such processed products as butter, cheese, and canned milk. Plans for encouraging dairy production include: (1) Assuring farmers of feed supplies at stabilized prices through continuation of the Commodity Credit Corporation's present policy of releasing corn at the loan price plus certain carrying charges, and through continuing corn loans for the next two years at their present level; (2) supporting prices generally through Department purchases of dairy products for domestic relief distribution and free school lunch programs, distribution through the Red Cross, resale under the terms of the Lend-Lease Act, or for a reserve supply; (3) increasing the proportion of the milk supply used in products most needed for export, particularly evaporated milk and cheese, through purchases at prices that will encourage use of more milk in those products; (4) maintaining dry skim

milk prices, through Government purchases, at levels which will assure liberal supplies of this commodity.

Officials of the Surplus Marketing Administration plan to buy substantial quantities of dairy products, particularly cheese, evaporated milk and dry skim milk, in line with the plan announced April 3 of supporting prices of dairy products at a long term average level equivalent to around 31 cents a pound (Chicago basis) for butter.

"Inclusion of dairy products in the food-for-defense program need not in itself result in any increase in the prices consumers pay for fluid milk," Secretary Wickard said. "In practically all areas milk is priced according to the way it is utilized, so that the price support which is planned would tend only to increase the price of so-called surplus milk. Producer prices in fluid milk marketing areas will continue to be supported by Federal Marketing agreement programs."

CHANGES IN THE 1941 AGRICULTURAL CONSERVATION PROGRAM OF THE AAA, the Department of Agriculture announced Tuesday, will be made to allow tomato growers "full speed ahead" in expanding their production in response to the food for defense program. AAA provisions will be amended so that farmers who contribute to the requested expansion will not incur deductions from their farm program payments because of increases made this year in acreage of tomatoes grown for processing. Officials of the Agricultural Adjustment Administration pointed out that changes in the program are being made particularly to assist farmers in increasing the production of tomatoes for canning, for which a 50 percent increase has been asked for 1941. The amendments will also apply to corn, peas, and snap beans grown for processing, since the food-for-defense program calls for some increases of these crops.

SUMMARY OF FOREIGN DEVELOPMENTS: ARGENTINA: The finance Minister announced the completion of a credit of 35,000,000 pesos ($10,421,000) to Spain for the purchase of about 380,000 metric tons (13,962,000 bushels) of wheat and 3,000 tons (6,613,800 pounds) of frozen meat. The credit is guaranteed by the Compania Hispano Argentina de Electricidad which has agreed to make 5 annual payments of 7,000,000 pesos ($2,084,000) each to the Argentine Government together with 3 1/2 percent interest. The Argentine Grain Board has arranged a sale price for the wheat of 6.375 pesos per quintal (51.66 cents per bushel) on board cars in the port of Buenos Aires.

NETHERLANDS: The German press in discussing the food situation in the Netherlands stated recently that while the Netherlands normally exports dairy products, the shortage of fodder imposed by the British blockade had reduced production to such a level as to require a reduction in the fat ration to the level prevailing in Germany, a reduction of the meat ration to an undisclosed level, and the imposition for the first time of a ration on milk. It was stated also that potato supplies are sufficient until the next harvest and that no shortage of fruit or vegetables was anticipated. It was pointed out that while the food situation in the Netherlands on the whole was not so bad as in other countries, "restrictions on the standard of living under present conditions were unavoidable and that such restrictions affect all peoples which are included in the great European community of destiny."

AUSTRALIA: Reports indicate that the British Ministry of Food has purchased the remaining exportable surplus of the 1941 Australian canned fruit pack, total purchases now amounting to 2,600,000 dozen 30-ounce tins.